

Date: December 17, 2012

To: Thomas J. Bonfield, City Manager
Through: Wanda S. Page, Deputy Finance Director
From: David Boyd, Finance Director
Ann-Marie Sharpe, Risk Manager
Subject: Contract for Employment Related Medical Services with Occupational Health Centers of North Carolina, dba Concentra Medical Centers

Executive Summary

In 2010, the City outsourced all employment related medical services to Duke University Health System, through its Division of Occupational and Environmental Medicine (Duke OEM). Prior to March 2010, these services were available to employees by way of an employee health service (EHS) clinic, which was managed by the Risk Management Division of the Finance Department and staffed by City employed nurses supervised by a contracted physician.

Duke OEM has been providing all employment related medical services for the City including; pre-employment physical exams, return to work clearance, post injury/illness treatment and fitness for duty evaluations. The current contract with Duke OEM is scheduled to expire March 1, 2013; to this end an RFP was issued. Based on the evaluation of the proposals received, it has been determined that, the City will be better served by contracting with Occupational Health Centers of North Carolina, dba Concentra Medical Centers (Concentra). Concentra is a leading provider of occupational medicine, urgent care, and preventive healthcare services offering an extensive suite of services and quality healthcare to employers.

Recommendation

That the City Council authorize the City Manager to enter into a contract with Occupational Health Centers of North Carolina, dba Concentra Medical Centers to provide employment related medical services for a three year period beginning March 1, 2013 at a total cost not to exceed \$376,725.00.

Background

Since March 2010, the City has contracted with Duke OEM to provide pre-employment physical exams, occupational health screenings, initial assessment of on-the-job injuries/illnesses, return to work clearance, and medical displacement recommendations. During the term of this contract the City has been able to reduce costs for these services compared to the previous model within which services were provided in house. The outsourced model has proven to be an effective model for obtaining occupational health services at a reasonable cost. Duke OEM has generally provided services to the City's satisfaction, however the administration believes there is room for improvement in the

areas of utilization, coordination with health insurance and in obtaining more definitive recommendations on an employee's fitness for employment.

Issues and Analysis

The City received four proposals; two were partial proposals while two firms submitted proposals to provide all the services outlined in the RFP. The partial proposals were received from:

- a) Job Ready Services, a facility located in Raleigh submitted a proposal to provide fitness for duty evaluations only.
- b) Research Triangle Occupational Health Services, PA (RTOHS) proposed to provide services to the Fire Department only.

The two full service proposals were received from

- a) Duke University Medical Center, Division of Occupational & Environmental Medicine (Duke OEM)
- b) Occupational Health Centers of North Carolina, dba Concentra Medical Centers (Concentra)

The evaluation committee included a representative from the Human Resources Department, the Fire Department, the Police Department and the Department of Equal Opportunity/Equity Assurance (EOEA). The proposals were evaluated on the following categories:

- understanding of the project
- methodology used for the project
- management plan for the project
- experience and qualifications
- contract cost

Upon careful considerations of all the factors, the evaluation committee ranked the two full service proposals as follows:

<u>Firm</u>	<u>Rank</u>
Concentra Urgent Care Center	1
Duke OEM	2

Duke OEM is located at 4825 Creekstone Drive in Durham (10.7 miles from City Hall) with operating hours of 7:45 a.m. to 4:30 p.m. weekdays and closed on weekends. All physicals, fit-for-duty evaluations, return to work clearance and other services provided by appointment are scheduled at this location. Though this is the primary location for all contracted services, treatment for on-the-job injury/illnesses is also available at Duke Urgent Care facilities from 8:00 a.m. to 8:00 p.m. Durham Regional Hospital as well as the Urgent Care facilities are currently used for after hour medical treatment to City employees.

Concentra is located at 4104 Surles Court in Durham (11.2 miles from City Hall) with operating hours of 7:30 a.m. to 8:00 p.m. weekdays and 10:00 a.m. to 4:00 p.m. on weekends. Durham Regional Hospital as well as the Duke Urgent Care facilities will continue to be used for after hour medical treatment to City employees when the Concentra facility is not open, however Concentra's extended and weekend hours should help minimize these instances. Moreover, while Duke OEM has only one physician on site at any given time during the day, the Concentra Clinic is staffed with three physicians during the day.

Because Duke OEM does not bill health insurance, issues can arise when an employee is seen for follow up visits that are not authorized by the City. While not a common occurrence, this issue will not exist with Concentra as that facility will bill the employees' health insurance when necessary.

The City has realized significant cost saving in outsourcing the employment related medical services to Duke OEM however; the City stands to realize even further cost saving by contracting with Concentra. The base rate of a pre-employment physical from Concentra is 45% less than than Duke OEM; a \$50 difference in the base rate for per physical. Additionally, Duke charges a rate of \$200 per hour for medical file review while Concentra does not include an hourly charge for medical file review.

Alternatives

The City Council could choose to renew its contract with Duke OEM at their new proposed pricing.

Financial Impact

The annual costs of \$125,575.00 necessary to support this contract are budgeted in the Finance Department's operating budget. Though it is difficult to definitively determine how many pre-employment physicals and other medical evaluations will be conducted in any given year, we have estimated the annual cost of the contract based on the volume experienced in FY12 and FY11 and any possible increase in employees' medical needs.

SDBE Summary

The Equal Opportunity/Equity Assurance Department reviewed the proposal submitted by Occupational Health Centers of NC, dba Concentra Medical Centers and have determined that they are in compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

SDBE REQUIREMENTS

No MSDBE or WSDBE goals were set.

WORKFORCE STATISTICS

Workforce statistics Occupational Health Centers of NC dba Concentra Medical Centers are as follows:

Total Workforce	32	
Total Females	26	(81%)
Total Males	6	(19%)
Black Males	0	(0%)
White Males	5	(16%)
Other Males	1	(3%)
Black Females	13	(41%)
White Females	12	(37%)
Other Females	1	(3%)

Attachments – Three (3)

Form of Contract – six (6) pages

Exhibit A – Scope of Work

Exhibit B – Pricing Sheet